

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

May 14, 2001

The Honorable John Burton
President Pro Tempore
California State Senate
State Capitol
Sacramento, California 95814

The Honorable Robert Hertzberg
Speaker of the Assembly
California State Assembly
State Capitol
Sacramento, California 95814

RE: Unresolved Issues with Respect to California's Energy Crisis

Messrs. Burton and Hertzberg:

Your respective decision to adjourn the First Extraordinary Session of the California State Legislature today provides an opportunity to review the actions taken since the declaration of a state of emergency by Governor Davis last January.

With summer all but upon us, the citizens of our state can take little comfort that the months ahead will hold anything other than vastly higher costs for both electricity and natural gas, and an alarming increase in the frequency and duration of power blackouts.

The inaction and delay on the part of the Governor in the face of what may well be the most serious crisis in our state's history are both inexplicable and unacceptable.

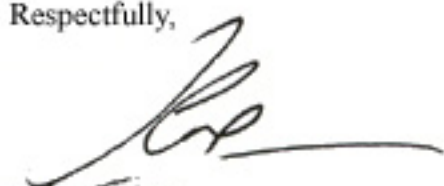
The purpose of this letter is not to apportion blame or to point an accusatory finger, but rather to identify the dire straits in which we find ourselves, and to suggest a course of action which – by working cooperatively – we as the Leaders of our respective party caucuses may begin to address the many as yet unresolved aspects of this grave energy crisis we face.

Given the often times profound philosophical and ideological differences which divide us, it simply is not realistic to assume that we will find common ground on every issue. For example, notwithstanding the fine efforts of the Assembly Democrat "Plan B" group, there simply is no argument that will satisfy Assembly Republicans that purchase of the transmission lines of Southern California Edison, together with a guaranteed rate of return for that corporation, is in the public's best interest. While the "Plan B" proposal seeks to improve on the original Memorandum of Understanding, it simply makes a bad deal somewhat less bad...and to our eyes that is no bargain. Yet the goal of restoring the state's three investor-owned utilities to a sound financial footing is one upon which Democrats and Republicans can agree, and is, therefore, a common starting point for further discussion.

The following list constitutes what we believe are the many remaining issues as yet unresolved by the Governor with respect to the current energy crisis. It will be our goal in our meeting of later today to initiate a dialogue among the respective legislative leaders to establish a means by which we may substantively address these many issues, recognizing that we cannot successfully address the state's electrical energy crisis – today, tomorrow, and into the future – without successful resolution of these many complex issues.

We speak on behalf of all our Republican colleagues when we tell you that we welcome the opportunity to begin these talks in earnest, and to chart a decisive course of action by which to restore California on the road to economic opportunity and a brighter future for all our citizens.

Respectfully,


DAVE COX
Assembly Republican Leader


JAMES L. BRULTE
Senate Republican Leader